

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

**FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH	2
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET	4
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET:	
General Fund	5
Supplemental General Fund	6
Capital Outlay Fund	7
Driver Training Fund	8
At-risk Fund	9
Food Service Fund	10
Professional Development Fund	11
Special Education Fund	12
Vocational Education Fund	13
KPERs Contribution Fund	14
Recreation Fund	15
Bond and Interest Fund	16
Minneola Recreation Commission	17
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL:	
All Non-Budgeted Special Revenue Funds	18
STATEMENT OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH:	
District Activity Funds	19
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - ACTUAL:	
Agency Funds	20
NOTES TO FINANCIAL STATEMENTS	21

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 219
Minneola, Kansas

We have audited the accompanying financial statements of Unified School District No. 219, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the District, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note A, Unified School District No. 219 has prepared these financial statements using the accounting practices prescribed by the State of Kansas which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 219 as of June 30, 2011, or the changes in its financial position for the year then ended. Further, Unified School District No. 219 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the Unified School District No. 219, as of June 30, 2011, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

November 28, 2011

UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH**

Year ended June 30, 2011

<u>Fund</u>	Beginning unencumbered cash balance (deficit)	Prior year canceled encumbrances
General funds:		
General	\$ (156,639)	\$ -
Supplemental general	5,380	-
Special revenue funds:		
Capital outlay	284,015	-
Driver training	13,983	-
At-risk	-	-
Food service	89,378	-
Professional development	8,522	-
Special education	242,819	-
Vocational education	-	-
KPERS contribution	-	-
Recreation	10,497	-
Non-budgeted special revenue funds:		
Textbook and student materials revolving	17,762	3,600
Contingency reserve	188,223	-
Gifts and grants	7,461	-
Rural education achievement program	-	-
Title II teacher quality	-	-
Title II part D education technology	-	-
Title I	-	-
District activity funds	13,332	-
Debt service fund:		
Bond and interest	257,991	-
	982,724	3,600
Component unit:		
Minneola Recreation Commission	39,110	-
Total - excluding agency funds	<u>\$ 1,021,834</u>	<u>\$ 3,600</u>

The accompanying notes are an integral
part of the financial statements.

<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance (deficit)</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance (deficit)</u>
\$ 2,085,223	\$ 2,071,649	\$ (143,065)	\$ 27,056	\$ (116,009)
605,560	577,399	33,541	-	33,541
112,859	37,264	359,610	31,770	391,380
8,940	3,431	19,492	-	19,492
163,779	163,779	-	-	-
261,418	244,388	106,408	5,628	112,036
19,454	5,739	22,237	360	22,597
307,721	313,183	237,357	-	237,357
394	394	-	-	-
100,279	100,279	-	-	-
22,676	23,700	9,473	-	9,473
20,737	9,747	32,352	-	32,352
18,942	-	207,165	-	207,165
3,000	3,615	6,846	-	6,846
29,207	29,207	-	19,814	19,814
9,347	9,347	-	-	-
142	142	-	-	-
42,024	42,024	-	-	-
28,116	25,360	16,088	-	16,088
303,066	300,961	260,096	-	260,096
4,142,884	3,961,608	1,167,600	84,628	1,252,228
30,772	29,789	40,093	-	40,093
<u>\$ 4,173,656</u>	<u>\$ 3,991,397</u>	<u>\$ 1,207,693</u>	<u>\$ 84,628</u>	<u>\$ 1,292,321</u>

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

**SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH (CONTINUED)**

Year ended June 30, 2011

	<u>Ending cash balance</u>
Composition of cash:	
U.S.D. No. 219 accounts:	
Checking account - Centera Bank	\$ (279,944)
High school checking account - Centera Bank	1,148
Money market account - Centera Bank	1,524,029
High school money market account - Centera Bank	31,219
Petty cash - Centera Bank	700
Total component unit	<u>40,093</u>
Total cash	1,317,245
Less: Agency funds	<u>(24,924)</u>
Total - excluding agency funds	<u><u>\$ 1,292,321</u></u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended June 30, 2011

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General funds:					
General fund	\$ 2,156,049	\$ (84,400)	\$ 2,071,649	\$ 2,071,649	\$ -
Supplemental general	577,400	-	577,400	577,399	1
Special revenue funds:					
Capital outlay	311,780	-	311,780	37,264	274,516
Driver training	13,050	-	13,050	3,431	9,619
At-risk	165,000	-	165,000	163,779	1,221
Food service	375,698	-	375,698	244,388	131,310
Professional development	10,522	-	10,522	5,739	4,783
Special education	593,549	-	593,549	313,183	280,366
Vocational education	4,000	-	4,000	394	3,606
KPERs contribution	131,278	-	131,278	100,279	30,999
Recreation	23,700	-	23,700	23,700	-
Debt service fund:					
Bond and interest	301,461	-	301,461	300,961	500
	4,663,487	(84,400)	4,579,087	3,842,166	736,921
Component unit:					
Minneola Recreation Commission	72,860	-	72,860	29,789	43,071
	<u>\$ 4,736,347</u>	<u>\$ (84,400)</u>	<u>\$ 4,651,947</u>	<u>\$ 3,871,955</u>	<u>\$ 779,992</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property:				
Tax in process	\$ 7,273	\$ 5,444	\$ 3,398	\$ 2,046
Current tax	407,561	409,440	392,915	16,525
Delinquent tax	5,669	1,902	4,195	(2,293)
Federal aid:				
ARRA stabilization	102,989	38,778	38,778	-
Education jobs	-	67,901	-	67,901
State sources:				
State aid - general	1,396,574	1,385,319	1,471,763	(86,444)
State aid - special education	260,572	175,292	245,000	(69,708)
Mineral production tax	874	1,147	-	1,147
Total cash receipts	2,181,512	2,085,223	\$ 2,156,049	\$ (70,826)
Expenditures and transfers subject to legal maximum budget:				
Instruction	780,655	831,799	\$ 801,279	\$ (30,520)
Student support services	62,757	56,505	66,660	10,155
Instructional support services	51,840	55,341	52,750	(2,591)
General administration	127,161	135,399	138,600	3,201
School administration	197,716	211,654	210,300	(1,354)
Operations and maintenance	282,311	265,394	283,000	17,606
Student transportation services	105,072	101,925	144,100	42,175
Other supplemental services	51,882	45,939	45,360	(579)
Operating transfers	466,164	367,693	414,000	46,307
Adjustment to comply with legal maximum budget	-	-	(84,400)	(84,400)
Total expenditures and transfers subject to legal maximum budget	2,125,558	2,071,649	\$ 2,071,649	\$ -
Receipts over (under) expenditures	55,954	13,574		
Unencumbered cash (deficit), beginning of year	(212,691)	(156,639)		
Prior year canceled encumbrances	98	-		
Unencumbered cash (deficit), end of year	\$ (156,639)	\$ (143,065)		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

SUPPLEMENTAL GENERAL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property:				
Tax in process	\$ 8,481	\$ 7,297	\$ 6,227	\$ 1,070
Current tax	465,584	467,701	451,173	16,528
Delinquent tax	7,517	2,209	4,817	(2,608)
Motor vehicle tax	19,533	20,168	20,576	(408)
Federal aid:				
ARRA stabilization	39,237	-	-	-
State sources:				
State aid - supplemental general	112,402	108,185	83,081	25,104
Total cash receipts	652,754	605,560	\$ 565,874	\$ 39,686
Expenditures and transfers subject to legal maximum budget:				
Instruction	512,362	323,650	\$ 353,400	\$ 29,750
Operations and maintenance	1,795	-	-	-
Operating transfers	126,143	253,749	224,000	(29,749)
Total expenditures and transfers subject to legal maximum budget	640,300	577,399	\$ 577,400	\$ 1
Receipts over (under) expenditures	12,454	28,161		
Unencumbered cash (deficit), beginning of year	(7,074)	5,380		
Unencumbered cash, end of year	\$ 5,380	\$ 33,541		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property:				
Tax in process	\$ 1,696	\$ 1,327	\$ 1,111	\$ 216
Current tax	84,664	85,016	81,996	3,020
Delinquent tax	1,515	427	876	(449)
Motor vehicle tax	3,907	3,937	3,740	197
Interest	7,380	6,818	-	6,818
Other	-	15,334	-	15,334
Total cash receipts	99,162	112,859	\$ 87,723	\$ 25,136
Expenditures:				
Instruction equipment	21,449	5,494	\$ 200,000	\$ 194,506
General administration				
equipment	395	-	400	400
Operations and maintenance	-	31,770	-	(31,770)
Student transportation services	39,695	-	-	-
New building acquisition and				
contractor	3,209	-	4,000	4,000
Repairs and remodeling	14,301	-	-	-
Other	-	-	107,380	107,380
Total expenditures	79,049	37,264	\$ 311,780	\$ 274,516
Receipts over (under) expenditures	20,113	75,595		
Unencumbered cash, beginning of year	263,902	284,015		
Unencumbered cash, end of year	\$ 284,015	\$ 359,610		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

DRIVER TRAINING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
State aid	\$ 1,050	\$ 888	\$ 1,400	\$ (512)
Transfer from supplemental general fund	-	8,000	2,000	6,000
Other	240	52	-	52
Total cash receipts	1,290	8,940	<u>\$ 3,400</u>	<u>\$ 5,540</u>
Expenditures:				
Instruction	4,581	2,056	\$ 11,550	\$ 9,494
Vehicle operations and maintenance	421	1,375	1,500	125
Total expenditures	5,002	3,431	<u>\$ 13,050</u>	<u>\$ 9,619</u>
Receipts over (under) expenditures	(3,712)	5,509		
Unencumbered cash, beginning of year	17,695	13,983		
Unencumbered cash, end of year	<u>\$ 13,983</u>	<u>\$ 19,492</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

AT-RISK FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 148,269	\$ 163,779	<u>\$ 165,000</u>	<u>\$ (1,221)</u>
Expenditures:				
Instruction	<u>148,269</u>	<u>163,779</u>	<u>\$ 165,000</u>	<u>\$ 1,221</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>		
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

FOOD SERVICE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Charges for services	\$ 77,407	\$ 78,581	\$ 99,116	\$ (20,535)
State aid	1,787	1,779	1,499	280
Federal aid	75,256	79,072	65,704	13,368
Transfer from supplemental general fund	80,000	100,000	120,000	(20,000)
Other	1,499	1,986	-	1,986
Total cash receipts	235,949	261,418	<u>\$ 286,319</u>	<u>\$ (24,901)</u>
Expenditures:				
Food service operations	253,676	244,388	<u>\$ 375,698</u>	<u>\$ 131,310</u>
Receipts over (under) expenditures	(17,727)	17,030		
Unencumbered cash, beginning of year	107,105	89,378		
Unencumbered cash, end of year	<u>\$ 89,378</u>	<u>\$ 106,408</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

PROFESSIONAL DEVELOPMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
State aid	\$ 585	\$ -	\$ -	\$ -
Transfer from general fund	-	5,454	-	5,454
Transfer from supplemental general fund	5,000	14,000	2,000	12,000
Total cash receipts	5,585	19,454	\$ 2,000	\$ 17,454
Expenditures:				
Instructional support services	5,101	4,929	\$ 10,522	\$ 5,593
Other supplemental services	400	810	-	(810)
	5,501	5,739	\$ 10,522	\$ 4,783
Receipts over (under) expenditures	84	13,715		
Unencumbered cash, beginning of year	8,438	8,522		
Unencumbered cash, end of year	\$ 8,522	\$ 22,237		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

SPECIAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ 195,206	\$ 175,972	\$ 245,000	\$ (69,028)
Transfer from supplemental general fund	41,143	131,749	100,000	31,749
Total cash receipts	<u>236,349</u>	<u>307,721</u>	<u>\$ 345,000</u>	<u>\$ (37,279)</u>
Expenditures:				
Instruction	221,567	312,578	\$ 525,549	\$ 212,971
Instructional support services	6,019	605	-	(605)
Vehicle operating service	15,377	-	68,000	68,000
Total expenditures	<u>242,963</u>	<u>313,183</u>	<u>\$ 593,549</u>	<u>\$ 280,366</u>
Receipts over (under) expenditures	(6,614)	(5,462)		
Unencumbered cash, beginning of year	<u>249,433</u>	<u>242,819</u>		
Unencumbered cash, end of year	<u>\$ 242,819</u>	<u>\$ 237,357</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

VOCATIONAL EDUCATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Transfer from general fund	\$ -	\$ 394	\$ 4,000	\$ (3,606)
Expenditures:				
Instruction	-	-	\$ 4,000	\$ 4,000
Operations and maintenance	-	394	-	\$ (394)
Total expenditures	-	394	\$ 4,000	\$ 3,606
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS

KPERS CONTRIBUTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
State aid	\$ 118,268	\$ 100,279	\$ 131,278	\$ (30,999)
Expenditures:				
Instruction	72,924	59,282	\$ 80,329	\$ 21,047
Student support services	4,485	3,570	4,750	1,180
Instructional support staff	3,228	3,150	4,900	1,750
General administration	5,967	6,319	985	(5,334)
School administration	13,515	12,844	14,056	1,212
Operations and maintenance	8,056	6,555	9,755	3,200
Student transportation services	828	-	803	803
Other supplemental services	3,844	2,999	8,700	5,701
Food service operation	5,421	5,560	7,000	1,440
Total expenditures	118,268	100,279	\$ 131,278	\$ 30,999
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

RECREATION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property:				
Tax in process	\$ 424	\$ 332	\$ 271	\$ 61
Current tax	21,166	21,253	20,489	764
Delinquent tax	378	107	219	(112)
Motor vehicle tax	977	984	936	48
Total cash receipts	22,945	22,676	\$ 21,915	\$ 761
Expenditures:				
Transfer to component unit	22,000	23,700	\$ 23,700	\$ -
Receipts over (under) expenditures	945	(1,024)		
Unencumbered cash, beginning of year	9,552	10,497		
Unencumbered cash, end of year	\$ 10,497	\$ 9,473		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

BOND AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property:				
Tax in process	\$ 258,989	\$ 4,058	\$ 3,463	\$ 595
Current tax	4,870	286,192	276,067	10,125
Delinquent tax	4,584	1,316	2,679	(1,363)
Motor vehicle tax	12,910	11,500	11,446	54
State sources:				
State aid - bond and interest	14,633	-	-	-
Total cash receipts	<u>295,986</u>	<u>303,066</u>	<u>\$ 293,655</u>	<u>\$ 9,411</u>
Expenditures:				
Principal	120,000	135,000	\$ 135,000	\$ -
Interest	172,655	165,961	165,961	-
Commission and postage	-	-	500	500
Total expenditures	<u>292,655</u>	<u>300,961</u>	<u>\$ 301,461</u>	<u>\$ 500</u>
Receipts over (under) expenditures	3,331	2,105		
Unencumbered cash, beginning of year	<u>254,660</u>	<u>257,991</u>		
Unencumbered cash, end of year	<u>\$ 257,991</u>	<u>\$ 260,096</u>		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

**MINNEOLA RECREATION COMMISSION
MINNEOLA, KANSAS**

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended June 30,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Transfer from primary government	\$ 22,000	\$ 23,700	\$ 25,000	\$ (1,300)
Fees	1,380	1,873	8,500	(6,627)
Donations	-	5,000	-	5,000
Interest	227	199	300	(101)
Total cash receipts	23,607	30,772	\$ 33,800	\$ (3,028)
Expenditures:				
Baseball field improvements and maintenance	295	505	\$ 4,000	\$ 3,495
Equipment and maintenance	90	8,592	14,000	5,408
Miscellaneous	1,636	1,287	24,560	23,273
Utilities	107	-	800	800
Administration fees	7,500	14,905	22,000	7,095
Minneola library	1,000	1,000	1,000	-
Activity fees	347	475	500	25
Uniforms, shirts and caps	3,248	655	4,000	3,345
Umpires	1,490	2,370	2,000	(370)
Total expenditures	15,713	29,789	\$ 72,860	\$ 43,071
Receipts over (under) expenditures	7,894	983		
Unencumbered cash, beginning of year	31,216	39,110		
Unencumbered cash, end of year	\$ 39,110	\$ 40,093		

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
ALL NON-BUDGETED SPECIAL REVENUE FUNDS**

Year ended June 30, 2011

	Textbook and student materials revolving	Contingency reserve	Gifts and Grants
	<u> </u>	<u> </u>	<u> </u>
Cash receipts:			
Federal aid	\$ -	\$ -	\$ -
Textbook rental fees and sales	17,585	-	-
Donations and contributions	-	-	3,000
Transfer from general fund	<u>3,152</u>	<u>18,942</u>	<u>-</u>
Total cash receipts	20,737	18,942	3,000
Expenditures:			
Instruction	<u>9,747</u>	<u>-</u>	<u>3,615</u>
Receipts over (under) expenditures	10,990	18,942	(615)
Unencumbered cash, beginning of year	17,762	188,223	7,461
Prior year canceled encumbrances	<u>3,600</u>	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ 32,352</u></u>	<u><u>\$ 207,165</u></u>	<u><u>\$ 6,846</u></u>

The accompanying notes are an integral
part of the financial statements.

Rural education achievement program	Title II teacher quality	Title II Part D education technology	Title I	Total
\$ 29,207	\$ 9,347	\$ 142	\$ 42,024	\$ 80,720
-	-	-	-	17,585
-	-	-	-	3,000
-	-	-	-	22,094
29,207	9,347	142	42,024	123,399
29,207	9,347	142	42,024	94,082
-	-	-	-	29,317
-	-	-	-	213,446
-	-	-	-	3,600
\$ -	\$ -	\$ -	\$ -	\$ 246,363

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

DISTRICT ACTIVITY FUNDS

**STATEMENT OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH**

Year ended June 30, 2011

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Cash receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance</u>
Athletics	\$ 1,710	\$ 22,368	\$ 21,038	\$ 3,040	\$ -	\$ 3,040
Quiz bowl	1,209	205	7	1,407	-	1,407
Music contest	4,794	2,258	2,020	5,032	-	5,032
Math contest	1,946	-	-	1,946	-	1,946
Plays/musical	1,937	-	-	1,937	-	1,937
Yearbook	18	2,380	2,295	103	-	103
Forensics	<u>1,718</u>	<u>905</u>	<u>-</u>	<u>2,623</u>	<u>-</u>	<u>2,623</u>
Total district activity funds	<u>\$ 13,332</u>	<u>\$ 28,116</u>	<u>\$ 25,360</u>	<u>\$ 16,088</u>	<u>\$ -</u>	<u>\$ 16,088</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

AGENCY FUNDS

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS - ACTUAL

Year ended June 30, 2011

<u>Fund</u>	<u>Beginning cash balance (deficit)</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance (deficit)</u>
Student organization funds:				
High school cheerleaders	\$ 2,904	\$ 1,458	\$ 3,563	\$ 799
Junior high cheerleaders	533	-	-	533
National Junior High Honor Society	639	311	597	353
National Honor Society	1,273	1,002	921	1,354
Student council	1,958	4,151	4,490	1,619
Band organization	6,980	16,625	19,942	3,663
Music organization	1,218	176	-	1,394
Seniors	150	548	698	-
Juniors	698	18,094	16,511	2,281
Sophomores	2,762	12,081	10,863	3,980
Graduated Senior Class - 2010	-	650	-	650
	<u>19,115</u>	<u>55,096</u>	<u>57,585</u>	<u>16,626</u>
Total student organization funds				
District clearing funds:				
High school activity fund resale	(4)	6,845	7,187	(346)
Payroll clearing	8,028	6,672	6,056	8,644
	<u>8,024</u>	<u>13,517</u>	<u>13,243</u>	<u>8,298</u>
Total district clearing funds				
Total agency funds	<u>\$ 27,139</u>	<u>\$ 68,613</u>	<u>\$ 70,828</u>	<u>\$ 24,924</u>

The accompanying notes are an integral
part of the financial statements.

**UNIFIED SCHOOL DISTRICT NO. 219
MINNEOLA, KANSAS**

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist the reader in understanding the District's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are the representation of the District's management, which is responsible for their integrity and objectivity. The amounts shown for 2010 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2011, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting described below.

1. Reporting entity

U.S.D. No. 219 Minneola, Kansas is a municipal corporation governed by an elected seven-member board. The scope of the entity for financial reporting purposes is defined as those funds for which the governing body of the District has financial accountability. Financial accountability includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds. These financial statements include all funds included in the District's legally adopted budget and trust funds controlled or administered by District employees in their capacity as District employees. These financial statements present U.S.D. No. 219 Minneola, Kansas (the primary government) and its component unit. The component unit is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

Discretely Presented Component Unit. The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. Four of the five members of the governing board of the Recreation Commission are appointed by the Board of Education.

Minneola Recreation Commission: The Recreation Commission oversees recreational activities. The recreation commission operates as a separate governing body but the USD levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. The recreation commission cannot purchase real property but can acquire real property by gift.

Complete financial statements of the Minneola Recreation Commission may be obtained as follows:

Minneola Recreation Commission
c/o U.S.D #219
Minneola, Kansas 67865

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Fund accounting

The accounts of the District are organized on the basis of funds. In governmental accounting a fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity.

District resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2011:

GOVERNMENTAL FUNDS

General Funds

The general and supplemental general funds are used to account for all financial transactions not properly accounted for in another fund. They receive a greater variety and number of taxes and other general revenue than any other fund and finance a wider range of activities than any other fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources which must be devoted to some special use as required by law or specific regulation.

Debt Service Funds

The debt service fund is used to account for the financing of long-term debt that is not otherwise financed from other revenue.

FIDUCIARY FUND

Trust and Agency Funds

Trust and agency funds are used to account for assets held by the District as a trustee or agent for individuals, private organizations and other governmental units.

3. Statutory basis of accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and expenditure is charged in the fund from which the transfer is made.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Statutory basis of accounting (continued)

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

4. Departure from accounting principles generally accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown non-cash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

5. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general funds, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in adoption of the legal annual operating budget:

- a. Preparation of budget for the succeeding fiscal year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended June 30, 2011.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Budgetary information (continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, agency funds and the following special revenue funds:

- Textbook and Student Materials Revolving
- Contingency Reserve
- Rural Education Achievement Program
- Title II Teacher Quality
- Title II Part D Education Technology
- Title I
- Gifts and Grants
- District Activity

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

6. Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the District's investments. Unless specifically designated, all interest income is credited to funds designated by K.S.A. 72-6427.

7. Ad valorem tax revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied by November 1 and a lien for all taxes shall attach on that same date until taxes are paid. One-half of the property taxes is due December 20 and distributed to the District by January 20, the second half is due May 10 and distributed to the District by June 5. The District Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System which is a cost-sharing multi-employer state-wide pension plan. The District's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

9. Compensated absences

The District's policy is to recognize the costs of compensated absences when actually paid.

The District's policies regarding vacations permit the superintendent, full-time, and part-time non-certified staff the following maximum vacations respectively: One month, three weeks, and three weeks of four hour days. Unused vacation is paid upon termination or resignation. The superintendent earns two school days per year, non-cumulative for personal business. Unused personal days at the end of the year are added to the sick leave cumulative total. All employees earn ten days of sick leave per year with a maximum accumulation of sixty days. Upon termination or resignation from service with the District, all unused sick leave reverts to the District without any monetary payment to the employee. The District does not accrue compensated absences as the amounts thereof are not material in relationship to the financial statements taken as a whole. These costs are expensed as paid.

10. Section 125 plan

The District offers a section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, unreimbursed medical expense, dependent care expense, and other various insurance premiums. The plan is administered by an independent company.

11. Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and the disclosures at the date of the financial statements. Actual results could differ from those estimates.

12. Other post employment benefits

As provided by K.S.A 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

B. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, the State Department of Education and interpretation by the legal representatives of the School District.

The cash basis law provided by K.S.A. 10-1113 prohibits the expenditures of funds in excess of available cash. The General Fund showed ending unencumbered cash deficit of \$143,065, as of June 30, 2011. This was a result of the State of Kansas not making its final payment until after the end of the fiscal year. The District was instructed by the State to expend the authorized budget for the year and the balance of the monies due to the District from the State of Kansas was received after the end of the fiscal year. K.S.A. 10-1116a exempts school districts from the cash basis law in this situation.

K.S.A. 72-6417 and K.S.A. 72-6434 require that districts receiving state aid in July for the previous fiscal year ended in June record and account for these funds as a receipt for the school year ending on the preceding June 30. The following schedules demonstrate compliance with these statutes:

B. COMPLIANCE WITH KANSAS LAW (CONTINUED)

GENERAL FUND

STATEMENT OF STATUTORY RECEIPTS, EXPENDITURES
AND BALANCES

Year ended June 30, 2011

	Statutory amounts	Budget	Variance favorable (unfavorable)
Statutory receipts:			
Taxes and shared revenue:			
Ad valorem property:			
Tax in process	\$ 5,444	\$ 3,398	\$ 2,046
Current tax	409,440	392,915	16,525
Delinquent tax	1,902	4,195	(2,293)
Federal aid:			
ARRA stabilization	38,778	38,778	-
Education jobs	67,901	-	67,901
State sources:			
State aid - general	1,371,744	1,471,763	(100,019)
State aid - special education	175,292	245,000	(69,708)
Mineral production tax	1,147	-	1,147
Total statutory receipts	<u>2,071,648</u>	<u>\$ 2,156,049</u>	<u>\$ (84,401)</u>
Expenditures and transfers subject to legal maximum budget:			
Instruction	831,799	\$ 801,279	\$ (30,520)
Student support services	56,505	66,660	10,155
Instructional support services	55,341	52,750	(2,591)
General administration	135,399	138,600	3,201
School administration	211,654	210,300	(1,354)
Operations and maintenance	265,394	283,000	17,606
Student transportation services	101,925	144,100	42,175
Other supplemental services	45,939	45,360	(579)
Operating transfers	367,693	414,000	46,307
Adjustment to comply with legal maximum budget	<u>-</u>	<u>(84,400)</u>	<u>(84,400)</u>
Total expenditures and transfers subject to legal maximum budget	<u>2,071,649</u>	<u>\$ 2,071,649</u>	<u>\$ -</u>
Receipts over (under) expenditures	(1)		
Statutory balance, beginning of year	<u>99</u>		
Statutory balance, end of year	<u>\$ 98</u>		

B. COMPLIANCE WITH KANSAS LAW (CONTINUED)

SUPPLEMENTAL GENERAL FUND

STATEMENT OF STATUTORY RECEIPTS, EXPENDITURES AND BALANCES

Year ended June 30, 2011

	Statutory amounts	Budget	Variance favorable (unfavorable)
Statutory receipts:			
Taxes and shared revenue:			
Ad valorem property:			
Tax in process	\$ 7,297	\$ 6,227	\$ 1,070
Current tax	467,701	451,173	16,528
Delinquent tax	2,209	4,817	(2,608)
Motor vehicle tax	20,168	20,576	(408)
State sources:			
State aid - supplemental general	82,810	83,081	(271)
Total statutory receipts	<u>580,185</u>	<u>\$ 565,874</u>	<u>\$ 14,311</u>
Expenditures and transfers subject to legal maximum budget:			
Instruction	323,650	\$ 353,400	\$ 29,750
Operating transfers	<u>253,749</u>	<u>224,000</u>	<u>(29,749)</u>
Total expenditures and transfers subject to legal maximum budget	<u>577,399</u>	<u>\$ 577,400</u>	<u>\$ 1</u>
Receipts over (under) expenditures	2,786		
Statutory balance, beginning of year	<u>35,675</u>		
Statutory balance, end of year	<u>\$ 38,461</u>		

C. DEPOSITS AND INVESTMENTS

Policies. The District has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds to have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the District's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Additionally, K.S.A. 10-131(a)(6) authorizes the District to invest proceeds of bonds in obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Government's deposits may not be returned to it. At year-end the carrying amount of the District's deposits, including certificates of deposit, was \$1,277,151. The bank balance was \$1,579,317. Of the bank balance, \$274,069 was covered by FDIC insurance; \$1,305,248 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name.

D. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2011, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
High School					
Series 2004					
Issued May 3, 2004					
In the amount of \$3,950,000					
At interest rates of 4.0% to 5.6%					
Maturing September 1, 2024	\$3,550,000	\$ -	\$ 135,000	\$3,415,000	\$ 165,961
Voluntary early retirement	<u>22,746</u>	<u>-</u>	<u>8,037</u>	<u>14,709</u>	<u>-</u>
Total long-term debt	<u>\$3,572,746</u>	<u>\$ -</u>	<u>\$ 143,037</u>	<u>\$3,429,709</u>	<u>\$ 165,961</u>

D. LONG-TERM DEBT (CONTINUED)

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

	Principal due	Interest due	Total due
2012	145,000	158,611	303,611
2013	160,000	151,605	311,605
2014	175,000	144,818	319,818
2015	190,000	137,145	327,145
2016	200,000	128,660	328,660
2017-2021	1,230,000	486,365	1,716,365
2022-2026	<u>1,315,000</u>	<u>136,515</u>	<u>1,451,515</u>
Total	<u>\$ 3,415,000</u>	<u>\$ 1,343,719</u>	<u>\$ 4,758,719</u>

E. DEFINED BENEFIT PENSION PLAN

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603-380), at the following website <http://da.state.ks.us/ar/muniserv/AuditorInfo.htm> or by calling 1-888-275-5737).

Funding Policy. K.S.A. 74-4919 and 74-49,210 establishes the KPERS member-employee contribution rate at 4% and 6% respectively of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State's contribution rate was 9.17% for July 1, 2010 through June 30, 2011 of the covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010, and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363 respectively, equal to the required contributions for each year. The amounts attributable to the district for the years ending June 30, 2011, 2010 and 2009 were \$100,279, \$118,268 and \$122,101.

F. INTERFUND TRANSFERS

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue are operating transfers. Operating transfers as authorized by K.S.A. 72-6428 and 72-6433 were as follows:

<u>From</u>	<u>Amount</u>	<u>To</u>
General fund	\$ 5,454	Professional development fund
General fund	175,972	Special education fund
General fund	394	Vocational education fund
General fund	163,779	At-Risk fund
General fund	3,152	Textbook fund
General fund	18,942	Contingency reserve fund
Supplemental general fund	8,000	Driver training fund
Supplemental general fund	100,000	Food service fund
Supplemental general fund	14,000	Professional development fund
Supplemental general fund	<u>131,749</u>	Special education fund
	<u>\$ 621,442</u>	

Transfers to component units as authorized by K.S.A. 12-1928 were as follows:

<u>From</u>	<u>Amount</u>	<u>To</u>
Recreation fund	<u>\$ 23,700</u>	Minneola Recreation Commission

G. CONTINGENCIES

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the District at June 30, 2011.

H. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees; natural disasters; and medical needs of employees. The District purchases commercial insurance to cover health, property, liability and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded coverage in any of the past three years.

I. VOLUNTARY EARLY RETIREMENT PLAN

The School Board has adopted a policy that allows certified personnel to voluntarily elect to retire early. Qualifying personnel must be a current employee of the district, have at least fifteen years of service with the District, and must meet the KPERS Retirement Qualification. The annual rate of retirement compensation is fifteen percent of the retiree's final base salary for a maximum of five years. All benefits terminate when the retiree reaches age sixty-five. The liability at year end is disclosed in the long-term debt footnote disclosure.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 28, 2011, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.